

VZCZCXRO9451

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DE RUEHSQ #0295/01 1081558
ZNR UUUUU ZZH
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FM AMEMBASSY SKOPJE
TO RUEHC/SECSTATE WASHDC PRIORITY 5961
INFO RUEHZL/EUROPEAN POLITICAL COLLECTIVE
RUEAIIA/CIA WASHINGTON DC
RUEKDIA/DIA WASHINGTON DC
RUEKJCS/SECDEF WASHINGTON DC
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UNCLAS SECTION 01 OF 03 SKOPJE 000295

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STATE FOR EUR/SCE (DAS DICARLO)

E.O. 12958: N/A

TAGS: PREL PGOV MK

SUBJECT: MACEDONIA: SCENESETTER FOR EUR DAS ROSEMARY
DICARLO'S VISIT TO SKOPJE, APRIL 22-24

¶1. (SBU) Welcome back to Skopje! Your visit allows us to reinforce messages to both government and opposition delivered during recent stops in Skopje by A/S Fried, DASD Fata, and Staffdel Killion. Those messages are:

--Continue political dialogue to achieve concrete results and end DUI's boycott of Parliament. Appreciate GOM flexibility. DUI must match flexibility, be ready to compromise to move the national agenda ahead.

--Continue to focus on implementation of priority laws and programs related to NATO accession: Framework Agreement (FWA) implementation; combating TIP and corruption; passing a liberal religious freedom law.

--Appreciate Macedonia's support for Ahtisaari plan, constructive ties with Pristina, and low-key approach on border demarcation. Will look for your public support for a Kosovo UNSCR, when the time is right.

--Continue low-key approach on name issue, avoid provoking Greece, and consider a "unilateral cease-fire" on further public reactions to perceived or real Greek provocations.

DIALOGUE MOVES AHEAD

¶2. (SBU) Since the political dialogue process was reinvigorated in early March, PM Gruevski and DUI leader Ahmeti have met on three occasions, while lower-level working groups have met 7 times, to discuss a compromise on a list of laws requiring Badinter (double majority) voting. To date, they have reached agreement on 39 of 127 laws proposed by DUI, and will continue high-level discussions next week to close out that issue. In the meantime, Gruevski has offered DUI a reasonable compromise on the composition of the parliamentary Inter-ethnic Relations Committee (IEC), a key DUI demand.

¶3. (SBU) Ahmeti has accepted Gruevski's IEC offer, but has insisted on resolving two additional issues -- a law on use of languages, and a law to give NLA veterans social and financial benefits -- before he returns to Parliament. Gruevski is willing to review a draft law on languages, although he wants DUI to produce the first draft. He also is willing to offer a compromise package of benefits, including state employment, for NLA veterans and their families, but has ruled out for political reasons a law that would codify

such benefits. We have participated throughout the process as observers and occasional facilitators, together with our EUSR colleagues, and have told Ahmeti that he should return to Parliament once the list of Badinter laws and composition of the Inter-ethnic Committee is resolved.

FRAMEWORK AGREEMENT IMPLEMENTATION -- GETTING BACK ON TRACK

¶4. (SBU) Despite some initial foot-dragging on FWA implementation, the GOM has begun moving in the right direction in recent months. It is preparing for Phase 2 of decentralization, due to begin this July (Phase 1 began in July 2005). Under phase 2, fiscal responsibilities will be transferred to municipalities that meet certain criteria, some of which are considered too generic. We are pushing the GOM to define sound, specific fiscal criteria for determining which municipalities will qualify to begin Phase 2 of decentralization this July, but have been rebuffed. Overall, however, our assessment is that the government generally has been cooperative on implementation of decentralization.

¶5. (SBU) The government also has addressed some of the initial International Community objections to elements of its strategy for equitable representation, adopted earlier this year. Remaining concerns regarding the strategy include the continued lack of a mechanism for sanctioning ministries or agencies that fail to meet equitable representation goals. In addition, the GOM has failed to explain so far what impact its oft touted "tripling of the equitable representation budget" will have on increasing representation of ethnic minorities in the state administration, without sacrificing quality of personnel recruited.

HUMAN RIGHTS, TIP, CORRUPTION -- GENERAL IMPROVEMENTS

SKOPJE 00000295 002 OF 003

¶6. (U) State's 2006 human rights report on Macedonia, released in early March, noted general improvements in the rights situation in 2006, including no reported instances of unlawful killings by security forces. The report notes continued corruption and political pressure on the judicial system, while adding that some recently passed laws should help to reduce corruption and judicial inefficiency. Our contribution to this year's anti-trafficking report for State highlights improved GOM efforts to prosecute traffickers and to work more closely with NGOs on TIP prevention and protection programs for TIP victims. The government also has taken steps in recent months to aggressively investigate and prosecute selected corruption cases. Although we applaud their resolve in doing so, we continue to press the government to go after the "big fish" corruption cases, and not to shy away from prosecuting cases involving former VMRO-DPMNE members.

RELIGIOUS FREEDOM -- CHALLENGES FROM ESTABLISHED RELIGIOUS COMMUNITIES

¶7. (SBU) Both PM Gruevski and FM Milososki have lobbied the established religious communities (mainly the Macedonian Orthodox Church -- MOC, Islamic Community of Macedonia -- ICM, Catholic Church, and Methodist Church) for a more liberal religious freedom law that would allow other religious groups, including those linked to the Serb Orthodox Church, to legally register and practice in Macedonia. All four communities have opposed such an initiative, with the ICM arguing that it will open the door to radical Islamic groups, and the MOC arguing that it would undermine national identity by allowing the Serb Orthodox Church to establish a beachhead in Macedonia.

¶8. (SBU) We continue to press for a religious freedom law that meets international standards, as described in the Venice Commission's recent comments on the GOM's draft law. The government will push back, arguing that this is an uphill battle against the entrenched nationalisms of the established

religious communities. Our counter-argument is that Gruevski is riding high in the polls and can comfortably afford to expend some of the considerable political capital he controls among his core supporters in order to get a religious freedom law that will help strengthen the country's NATO candidacy.

KOSOVO -- CONTINUED, LOW-KEY SUPPORT

¶ 9. (SBU) The GOM continues to support the Ahtisaari proposal and maintains positive ties with Pristina. PM Gruevski expects to meet with PM Ceku in the next 2-3 weeks, possibly in Pristina, although the planned meeting has not been publicized. The GOM is particularly pleased with the Ahtisaari proposal's language on demarcation of the Macedonia-Kosovo border. Recently, FM Milososki has made public statements that those living in the demarcated border areas would not be materially affected by the demarcation, and that Kosovar farmers who owned land on the Macedonian side of the border would be able to continue using that property after demarcation. The government also is weighing the best timing of Macedonian recognition of an independent Kosovo. The government prefers not to be in the vanguard of countries recognizing Kosovo, fearing a strong Serbian backlash, but also is wary of offending Pristina by bringing up the rear. It has abandoned its earlier plan to coordinate with Montenegro on the timing of formal recognition.

NAME DISPUTE -- AVOID PROVOCATIONS

¶ 10. (SBU) You will be landing at "Alexander the Great Airport," the recent renaming of which strained relations between Athens and Skopje. The GOM has since maintained a low profile on the issue and normal official and business exchanges continue; the CHOD is scheduled to attend a session on Balkan stability this week in neighboring Thessaloniki. The use of FYROM in the joint House/Senate Freedom Consolidation Act of 2007 (on NATO enlargement) caused some heartburn here, but your statement on the name last week has helped salve the wounds.

¶ 11. (SBU) The government supports continued discussions on the name in the context of the UN talks in New York, but is standing fast on its "dual name" proposal to Athens -- one

SKOPJE 00000295 003 OF 003

mutually agreed-upon name for use in Macedonia-Greece relations, and the constitutional name for use in all other bilateral and multilateral fora. Your message on the name issue should be for the GOM to continue to support the UN process, while avoiding further provocations toward Athens in the meantime and declaring a unilateral cease-fire on responses to perceived provocations from the Greek side. Ambassador Dimitrov told us in early March that Skopje and Athens had agreed to hold a round of talks on the name in Ohrid in April; we have not heard anything further on that plan since then.

WANTING TO VISIT DC -- COME BEARING NATO CANDIDACY
DELIVERABLES

¶ 12. (SBU) FM Milososki may mention to you his proposal to visit Washington May 21-22, and his hope to meet with the Secretary at that time. The GOM also wants to explore the

SIPDIS

signing during that visit, or during a late summer or early December visit by PM Gruevski, of a double taxation avoidance agreement, on which Treasury has the lead. We have told MFA contacts that a visit should be built around delivery of a package of Macedonian accomplishments on the NATO front, including solid progress on combating TIP and corruption, passage of a liberal religious freedom law, and -- for PM Gruevski's visit -- a successful EAPC summit. Regarding the double taxation issue, we are studying the Macedonian draft proposal and have advised the MFA that action on such agreements would require strong lobbying from US companies

doing business in Macedonia, which has not yet been the case.
MILOVANOVIC